
Chapter 7
Culture and how it Relates to the Bottom-line
Authored by H. Joe Creegan

*“Problems cannot be solved by the same level of thinking
that created them.”*

*~Albert Einstein
Genius*

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Chances are you are reading this book because you want your business to be more profitable. This chapter sets out to convince you your business will grow, you'll drive more revenue, and improve your bottom-line, by focusing on your single most important asset: your company's culture.

I'll show you, with some simple guidelines, how to build a culture that will translate into a force that will meet your financial objectives.

If you're curious, read on. If you suspect the culture you "think" you have isn't shared by your employees, read on. If you're looking for tools to help you identify where your company or organization may be struggling, read on. If you are financially and culturally in good shape, keep on!

How it all Started

My name is H. Joe Creegan, President of Growth Management Associates since 1990. My resume reflects 31 years in corporate America with companies like Carnation, Baxter Travenol, Hilton, Sheraton, and Marriott. We are consultants in Interpersonal and Organizational Development.

My passion to better understand what makes companies successful was driven by my experience with Residence Inn (RI). I had the privilege of joining RI in the early stages of development (1985) which led to an exciting career culminating with VP of Operations for Residence Inn by Marriott just two years later.

The acquisition of Residence Inn by Marriott in 1987 fueled my desire to become a student of "organizational behavior" and the role culture plays in a company's success.

After years of research and consulting with companies big and small, it always came down to the "people": how they felt about the company they worked for and how management felt about them.

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My mentor and college professor in graduate school, Bill Buys, PhD. Western Michigan University, said it the most succinctly: “People operate at the feeling level.”

He was right. And once I uncovered the secrets (and found the tools) of how those successful cultures were born, my course was set.

Culture and Fluff

Much has been written over the past 20 years espousing the value culture plays in any business or organization. Here’s the reality, in my opinion, many owners and leaders view it as “fluff”, or, at the very least, an intangible that can’t truly be measured.

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Case in point: My first consulting contract came from a company chairman wanting to help a church organization, (a very big one at that), who was struggling with making a hotel they owned profitable. The hotel wasn’t sustaining enough cash flow to support operational costs. Luckily, it had no debt service. The church funding the hotel couldn’t stop the operational costs from bleeding. My client, the chairman of a large hotel company, was picking up the tab to have me go in and assess the situation.

I couldn’t wait to get there. One, it was my first contract (1990), and two, what better place to start than with a property owned by a church? I was expecting to find a “love in” despite the hotel’s financial struggles. I was wrong. Here’s what I found:

The church, who owned the hotel, had no expertise in

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hotel management and no resource, other than my client who sent me in to do the assessment, to help them. They volunteered a guy named “Mike” (we’ll call him Mike to protect the innocent) who knew nothing of hotel operations other than what he learned from the mess left behind by a General Manager (GM) the church terminated. Mike was a great guy, open, receptive, ethical, and smart. But he had enormous obstacles to overcome in order to turn his hotel around.

- Political Conflicts ... unapproachable owners who focused only on finances.
- Unhappy employees who resented upper management for not paying commissions which the employees had earned.
- Middle management felt powerless to effect positive change.
- Line employees thought management and ownership was a joke.
- Physical plant was deteriorating.
- GM had little training, support, or direction to succeed in his responsibilities.

Early indications were this guy was going to be OK with some support and guidance. Then I learned he had bigger challenges, politically. He reported to a church leader who was not so easy to communicate with and one who was more focused on the financial component than on the impact some of his financial decisions were having on the staff and guests.

After pouring over the operating statements, assessing the competition, and forecasting demand, I’m thinking, “Hey, we can fix this.” All we needed was to:

- Implement some basic training.

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- Re-allocate operational dollars.
- Make a case for capital monies (which I know they had in the tax free drawer across the street).

Following two weeks on property I was ready to submit my report. I sent it to my client who then forwarded to the church hierarchy. A week later word came back, “no sale”. What? My client sent back kudos, and a check, for a well written report and an “atta boy” pat on the back. In his mind it was mission accomplished. In my mind I failed and it haunted me. I couldn’t leave “people” in that situation. There was an ethical issue yet to be resolved. (The church didn’t want to give the commission money to the employees who earned it). There was much training to be done. An environment was needed that would engage the employees and maximize their performance. Didn’t the owner see how those corrections would impact the bottom-line? No, they didn’t.

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Culture and Profit are not yet Synonymous in the minds of Owners and Management

So why is that? Primarily because it’s difficult to quantify and measure, or, at least it appears to be at first glance. But, once we understand the correlation to culture and the bottom-line, we begin to see through the abstraction. Once we understand the dynamics of culture and how to create it, results appear in areas like employee retention, customer satisfaction, and, yes, profit.

I went on for several more years struggling to make that

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point. About 10 years into my consulting practice I had a brilliant idea; I'll make my case by "getting in the pool" (figuratively) with the employees of my clients. I'll take on bottom-line responsibility at some level of the organization (GM, VP of Operations or Marketing) and "show them" how it's done.

Arrogance, even with hard work, doesn't make a man rich. To better understand the drive behind the mission a little history may be in order.

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Culture: The Lessons Learned

Rewind back to 1987. Residence Inn was not yet a Marriott brand, but about to become one. After 6 years of what felt like spontaneous combustion, we, the founding team, were on the hunt for a new partner to help us continue to grow our beloved company.

Enter Marriott, my old Alma mater (the drill sergeant of the hotel world from which I came). They made the offer, we took it. This was going to be interesting. Marriott, a Standard Operating Procedure (SOP) highly centralized company, just bought Residence Inn. The old RI was a highly decentralized, independent thinking organization entrusting its leaders to make decisions and act on them. To anticipate the cultures would clash is an understatement. In the early years of the transition, clash it did. As the battle ensued to integrate the two cultures, many lessons were learned. The most important to me was the value the RI culture brought to the health and well-being of not only the company, but the personal and professional lives of those of us who contributed to its success.

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Inspired by the experience of living in both cultures, I set out to take my passion and culture building tools into the world of consulting. The next important lesson learned: Nobody, and I mean nobody in my 20 year history of consulting, has ever asked me to come fix their culture.

As I look back at what companies were asking me to do for them, it was to improve their bottom-line. The language of culture is foreign and abstract to that mission. Most organizations, by now, understand the “people aspect” of their business, but very few can correlate the bottom-line with cultural dynamics. And, after 20 years of talking to myself about how it does correlate, it’s easy to understand why.

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Culture Defined

Culture can be defined many ways. There are many academic definitions of culture. Experience has taught me one thing—academia is best served in the classroom. (Later, I’ll defend my own prolific version. For now, let’s look at it from another perspective).

My experience in working with many organizations large and small, has taught me there are some identifiable components that seem to be critical to an effective culture. But to frame culture as “real”, versus an academic exercise, the question to ask is, “Where are you going and who will get you there?” Your answer will bring me in the back door of your culture. How you communicate your objectives and your perception of your employees has everything to do with your culture.

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Here is my definition of culture: **Culture is the primary source from which organizations construct, create, and achieve.** Without getting technical or citing references to 50 books, here's why I believe it's true.

Have you ever walked into an organization where you could "feel" the undercurrent of distrust, unrest, instability, or routine responses? (God forbid it would be your company). Where the rumor mill is more powerful than the SOP's or memos coming from upper management? If you haven't, you don't get out much.

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You can interact with these types of businesses and almost guess what their balance sheet and Profit and Loss Statements (P&L) look like. Management, in many instances, will use every tool at their disposal; training, motivational speeches, incentives, and the like, to address problems of attrition (slow destruction), poor morale, and low productivity, but seldom ask for an "X-Ray" of the origin, or core of the problem. Often what they "think it is" and "what it really is" are miles apart.

So, if you buy the premise that your culture is the hard-drive of your organization, you have to buy into this:

A company's values, combined with the elements and dynamics which mobilize its philosophy create "culture".

Exactly what is it that mobilizes your philosophy? How do you measure the attitudes and beliefs that operate in your company? And, this is critical by the way, it's the attitude that is generated from how you create the environment that supports your philosophy and mission, that picks up from where your hard earned (and invested) cash, leave off.

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In both tangible and intangible terms, you're handing off (entrusting) a chunk of money to the people you've hired to get you where you want to go. If you're a one man band you are your own culture. Where two or more are gathered, you've opened Pandora's Box. It's imperative you understand what motivates, sustains, and drives productivity in each of your people. You have two options: You can fire them when they don't perform, or manage them to be productive. To do that, an X-Ray of how they think is useful. (There are many instruments out there to help do that. I'm biased and would be happy to share upon request).

Knowing what makes your people tick is a prerequisite to getting the most bang from your training investment and management dollar.

Knowing what makes your people tick is a prerequisite to getting the most bang from your training investment and management dollar. I've witnessed companies wasting tens of thousands of dollars on training programs where no pre-assessment was done on participants resulting in lost impact or time wasted with the training. Same is true in leadership, (see Chapter 11, Leadership). If you don't know your own "thinking style", or those who you are trying to direct, your odds of accomplishing anything positive are greatly reduced. *To "quantify", time + energy = money. [T+E=\$].* Once you've spent the time and energy, it produces either money lost or money gained. The idea is to increase your odds of "gain".

If we go a step further, we easily discern what is driving your culture by asking a few simple questions:

- What does your company do best?
- What does it struggle with the most?

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- How long have you had this problem?
- What is your strategy to address those challenges?
- What are the major barriers to achieving your goals?
- What problems do you anticipate in executing those strategies?
- What will that mean to you?

Invariably, the answers will expose three key areas: Financial, marketing, and human resources. Of the three, the human component often plays a significant role in resolution, or in many instances, the cause of the problem.

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Ironically, the most honest answers come from those questions. Even those who are blind to hidden problems or a negative cultural underground will find congruency in the answers to those questions. The answers may not be identical, particularly if asked from a cross section of employees, but they all will point to the cause, or causes, of a core weakness.

When we examine what your company does well, we can identify who is doing it and how they are doing it. We can actually create a template of how they think to help “clone” them (with one of the tools available). If you were asked, “Who is your best employee and if you could clone them, what would it mean to the bottom-line of your company? How would you make that determination?”

If we ask what your company struggles with, the answers

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may be more varied, or, may reflect the effect of a more hidden cause. If the true causes are hidden, you would likely be executing a strategy that will be ineffective and costly both in time and money. Consequently, there will be a perilous impact on your most valuable human resource. The barriers, of which many are covert, then remain to thwart whatever money you are throwing at the perceived problem. I've been hired in countless situations where the covert problem was the biggest obstruction to solving bottom-line deficiencies.

I've watched companies oblivious to the cultural issues which blind them from anticipating problems that result from the introduction of change. More often than not the result is negative, evidenced by — panic, confusion, and in some cases, total demise.

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The employees watch it happen while in the back of their minds they know it could have been fixed. Granted, everybody has the answer, or thinks they do but, to some extent, they do hold the key to the answer. Knowing how to find and implement their contribution is the key.

In all fairness, experience has taught me money plays a sizeable role in creating or maintaining a vibrant culture. If your business is suffering from a cash flow shortfall it's not easy to create an upbeat culture. At the same time, when money is scarce, it's when you need your people's support the most.

The "Environment" of Culture

What does the environment of a healthy culture look like? What are the elements that determine the foundation of

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a culture that supports financial, ethical, and lifestyle objectives? Don Farrell, in his book “Ethical Theft”, makes the case we have a moral obligation to our families, our employees, our communities, and our businesses by doing whatever it takes (legally and morally) to drive revenue. His philosophy speaks to the fundamentals of capitalism: Doing it better than the other guy forces a better product or service overall. It’s not really stealing if you take the position you can’t steal a customer when they’re happy and loyal. He’s right.

How many people have you hired with resumes second only to what their obituary might say about them and have been disappointed with their performance?

But what is the environment that supports, if not provides, the impetus for courage, drive, and determination to emerge from our people? Ever noticed a stellar sales person make a job change to a new company and fall flat? How many people have you hired with resumes second only to what their obituary might say about them and have been disappointed with their performance? Worse, have you ever lost what you considered a marginal employee only to discover their production is in the top 5% of the new company? It happens, I promise. And, though to a large degree drive and ambition have to come from within, I’ve witnessed superstars arise from the ashes in companies with a vital culture.

Case in point: Back to the Residence Inn situation I spoke of earlier ... at one point in my professional career, I had the privilege of managing 54 Residence Inn’s— both for and after the acquisition by Marriott. The old Residence Inn was a dynamic decentralized company. Marriott had been known to be centralized and SOP-driven. In the early

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stages of the acquisition it was a cultural dichotomy. Many of the upper management did not want to adapt to the constraints that ruled the Marriott organization. Most scattered like the wind. Many started new companies and are very successful to this day. I stayed for awhile. I was passionate, to a fault, about the culture we had built at Residence Inn. Five of the most talented individuals on the planet were on my team to manage the operation of those 54 hotels. Each had his own personality, needs, and motivations. All I had to do was create the space for them to succeed, coach them individually according to their strengths and talents, and watch them soar. The rest is history.

The acquisition of Residence Inn by Marriott provided valuable lessons. As I compared the two cultures, until they became integrated, I noticed there were identifiable traits that made up the environment contributing to the enormous growth and success we experienced at Residence Inn. In a very short period of time, market mass of 100 hotels was achieved in less than 6 years; all of which outperformed industry occupancy, rate, and profit.

The Principles That Drive a Healthy Culture

We can, and often do, poke fun at the “touchy-feely” folks out there who rate the dollar as the most important attribute to life. One client told me, “Don’t send me love, send money.” I can recount the story where I confronted a franchise owner who was very abusive to employees. He would berate (shout at, criticize) employees openly, often heard by guests and employees, alike. It was reported he once dragged his own wife by the hair out of the hotel restaurant. Admittedly, this was one of the more severe abuses of power and authority I’ve witnessed in my 35+ years in business, but it does speak to the attitude of those who do not value people. It’s more prevalent than I’d care to admit. They are blind to the impact it has on their bottom-

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line, and totally clueless on how to manage any other way.

There are certain beliefs, or philosophies, that determine a dynamic “living” culture. Some cultures are static, creating a pseudo culture. Jim Conley, past Human Resources (HR) Director for the Residence Inn group after being acquired by Marriott, realized the power of the old RI culture. We were having lunch one afternoon in the Marriott cafeteria discussing the integration of the old RI culture with Marriott to which he said, “Marriott doesn’t have a culture, we have care and feeding.” I wish Jim were alive today to acknowledge that comment, God rest his soul. Eventually, within the first year, Bill Marriott recognized the value of the old culture and proceeded to integrate the best of both worlds to grow the Residence Inn beyond what could have been done as an independent. The components both companies shared in common were honesty, unquestioned integrity, directness, and some very bright people. Marriott was the perfect fit, ultimately, to take the RI brand to the next level.

Let's face it; unless we're a one man band, we rely on our people to get things done.

Let’s face it; unless we’re a one man band, we rely on our people to get things done. We all need to know we have value in what we do. Some have greater need than others to “feel it” and we certainly have varying requirements about what those needs are. Some have to have control and some don’t want it. Some want open recognition and some don’t. Some need volumes of data to go forward and some want to “just do it”. The list goes on, but the question of the day is:

Do you know “What makes your employees tick” and is that important? You bet it is! But for those who think more quantitatively, the more relevant question, is, “Where are you

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going and who is going to get you there?"

After surveying and utilizing several instruments to help determine what make people tick, two things became clear to me. One, action follows thought. And, two, how we think, can be greatly influenced by the environment in which we operate. There is a case to be made for profiles that typecast a personality. You are what you are sort of thing. You're not going to make a sales person out of an accountant, etc.. Though it is true personality forms early in life, it doesn't account for the fact that performance can be enhanced by understanding how a person thinks in the environment in which he or she works. Knowing how someone thinks is a powerful tool for managing, motivating, and developing professionally, all of which can lead to strengthening the bottom-line.

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The Question Then Becomes: How do you fix a not so Ideal Culture?

Step One: You need to install some basic principles and demonstrate to your team that they are believable. Restoring the integrity of any culture is gaining trust of its people. People are perceptive and intuitively smart about who they can trust. All communications have to come from a posture that demonstrates caring about the people and about the issues. Sincerity cannot be faked. If there are pathological issues in the management hierarchy that in any way portray lack of sincerity they will be known or felt.

Communicating "you care" does not preclude caring about

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the task. In fact, I have expressed my concerns very directly about an employee's performance where it was clear I cared about them failing, being miserable, or impairing the performance of the team. When they know you care they are more open to explore the cause behind the problem.

Once a trust relationship has begun to grow in the organization, problems or deterrents to achieving goals and objectives can be explored. It's as simple as asking the question, "What's working and what isn't?" This approach is effective in both one on one and group sessions.

An organizations' beliefs, or core values, require scrutiny to determine, honestly, whether they exist in the culture.

Step Two is spelling out to the employees what they are and are not responsible for in terms of the problems identified. Establishing appropriate accountability in the exploratory phase of problem solving is invaluable.

Step Three involves having employees take ownership of the problems for which they are responsible, identifying what resources are needed, then establishing action plans with measurable time frames and result expectations. It should be noted that sharing information (i.e. Profit and Loss Statements, customer satisfaction scores, etc.), is critical to helping the employee understand the impact his or her role plays in the overall profit picture and awakens the value they bring to the team. And, likewise, it promotes a mutual respect when their counterparts' roles, responsibilities, and challenges are understood.

Step Four: is to acknowledge successes and share with the team. This helps drive momentum to continue improvement, while creating a celebratory atmosphere

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injecting energy in the team.

The end result is higher employee satisfaction, reduced turn over, creative problem solving and employees are more fully engaged in their work. All this translates into higher customer satisfaction as the “internal culture” begins to permeate the “external environment” (market, community, and vendor partnerships).

An organizations’ beliefs, or core values, require scrutiny to determine, whether they exist in the culture. They are:

Total Responsibility: People need to feel empowered in order to take ownership of their responsibilities. We have to have confidence that they can perform their job; if we don’t, they know it, and they feel it, and it holds the potential to thwart growth and performance. At the same time, we have to have confidence that the training, management, and systems that guide our business support our people and our financial objectives. Otherwise, we will operate in fear and doubt contaminating the potential of the organization (no matter how large or how small).

Let me guess, some of you may be thinking, “I would love to have my employees take total responsibility!” Really? Taking responsibility and giving responsibility are complex issues. How do you deliver that message?

When I left full service hotel management to join Residence Inn in the early stage of its development (they only had eleven hotels when I joined) I accepted the responsibility of opening 2 hotels simultaneously, both in nearby markets. Part of my responsibility was interfacing with the construction superintendents. I was reviewing blue prints with the superintendent for one of the hotels and didn’t like the placement of the fireplace in what we called the “Hearth Room” (the main seating and feeding area off the lobby). I asked the superintendent to relocate the placement. He wrote up the change order and put it

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through. Some time afterward he asked, "Did you call your home office? This adds about \$50,000 to the cost." It necessitated making a number of mechanical and electrical changes along with requiring new drawings, etc., etc..

Realizing what I had done, and clearing the lump in my throat which had moved directly to my gut, I remembered a comment made by the then Chairman of RI, Jack DeBoer, whose philosophy was, "Better to ask for forgiveness than for permission." Ok then, time to call in that chip. I picked up the phone, called the President and explained my rationale for making the change (and spending the money). I did the best ROI dance I could do explaining that the original placement of the fireplace would block visibility of our guests from the desk personnel having an adverse affect on guest satisfaction. In that same moment I was recalling my Supreme Court appearance (exaggeration for effect) for not having a receipt for my expense report at a centralized company, where I had considerable title and responsibility.

Building a culture that empowers and allows accountability with responsibility is designed to arrest those fears.

Long story short, the President bought my story. I never knew if I justified the \$50,000 expense with the ROI explanation or if he was preserving my passion and inspiration in the wonderful stimulating culture.

The moral of the story is authority was always commensurate with responsibility and there was an implied trust in competency, intention, and commitment to best serve the interest of the company, the guest, and the employee.

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When you say you would love to have the confidence to empower and entrust your employees, what keeps you from doing that? The answers could be several. Some clients, by the way, don't want an answer. In the words of Jack Nicholson from the movie, *A Few Good Men*, "You don't want the truth because you can't handle the truth!" Some of us are insulted by that, and maybe we should be. Sometimes we're not bad people, we're just afraid. We're afraid if we let go of control we'll be damaged. We're afraid our people don't have the skills or common sense to make decisions. We're the ones controlling the cash flow and our employees don't need to feel the pinch of that responsibility. Guess what, they feel it anyway.

If a customer gets poor customer service, it has a direct, if not future, effect on the bottom-line.

Building a culture that empowers and allows accountability with responsibility is designed to arrest those fears. But giving authority and responsibility, alone, can be dangerous. We have to put all the pieces of the puzzle in place.

No Free Lunch: One of the most often missed opportunities lies in the failure to teach our employees that all decisions and choices, including indecision, have consequences, for which a price must be paid. If a customer gets poor customer service, it has a direct, if not future, effect on the bottom-line. An abrupt or less empathic response to a customer can cause ill will and eventual loss of business. We understand this can happen, but how do we communicate the impact it has on them? We're baffled when we tell ourselves, "I've spent a fortune on training that person, and how is it he/she still performs that way?"

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Part of the answer is the employee does not understand: First, his or her role in how they contribute to the success of the business; secondly, that the price of learning new skills (their effort – your money) is not commensurate with them knowing the “other price” to be paid is their continued employment or growth potential. Some of that failure is attributable to management, or ownership, not understanding the “thinking dynamic” of the individual employee. Not everyone learns, understands, or integrates information in the same manner. Knowing how your employees “think” gives you an edge to communicating and directing more effectively.

The dream of every organization's leader is to have all employees take ownership of both their actions and the overall mission of the company.

Ever notice what I call the government mentality of employees, in some companies? (Not yours, of course.) There seems to be a disassociation of money spent to money earned. It's the free money mentality, or the “disconnect” from the cost of doing anything to the expected return.

It happens at all levels of an organization: Poorly planned sales calls; scribbles on fresh 8x10 copy paper; lights left on; doors left open to heat or cool the planet; calls that go unanswered with the attitude “they'll call back”, and many, many more. How do they come by that attitude and how do we get rid of it? It comes back to influencing what they are thinking in any given moment of any given work day. What it boils down to is, “it's not my money”.

The dream of every organization's leader is to have all employees take ownership of both their actions and the overall mission of the company. Here's the good news: most of us brought up in a capitalistic system, WANT to

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take ownership. But we have fears, too, as underlings and need to know we're supported and encouraged to take control. Now don't get me wrong, that strategy is fraught with risk and needs to be minimized to maximize positive impact. It isn't easy, but it can be done. And, it's a vital peg in the wheel of building a success driven culture. To minimize that risk, some coaching may be in order. If you're in need of a resource for that, e-mail me through www.TheGoodBookofBusiness.com web site and I'll offer some options.

What we typically don't understand is that many of the inherent causes of employee attrition, customer dissatisfaction, and a poor bottom-line, are underground in an organization's culture.

Cause And Effect: Let's face it, for most of us, if we can see the problem, we're more than likely capable of fixing it. The challenge, however, is seeing the underlying cause, which is not always visible. The less visible the cause, the greater the effect. (Negativity undetected holds great destructive power).

Years ago, when I first started my consulting practice, I taught high school. One of the challenges in the classroom was getting students to speak and participate in open discussions. Within the first hour of the first day of school it was evident students were afraid to speak up. When I confronted them openly about it they confessed, "They didn't want to appear stupid in front of their friends." Ok, I get it.

It's about fear, stupid. To overcome the fear of looking stupid students had to feel safe. I initiated an exercise. I asked a question that didn't challenge them for the "right" answer, but asked for responses that reflected their "view

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or opinion". This obviously minimized the fear of opening up, after all, we all have an opinion. The discussion became lively and the classroom was fully engaged.

A day or so later, I asked a question relevant to the subject matter we were studying. The first response drew negative feedback from a few students. I stopped the negativity in its tracks by asking the student who had first responded to my question, "Tell me what led you to come to that conclusion?" He immediately began sharing his perception and rationale for his response. Following his brief dissertation the students in class responded with, "Oh, since you put it that way, I understand your answer."

The conditions that are responsible for influencing your employee's behavior translate into attitudes easily perceived by the customer.

This may be a long-winded example of understanding hidden cause, but it does demonstrate the need to be sensitive to what is operating, covertly, that can damage employee engagement, creativity, and even loyalty. By not addressing what is hidden, you can waste significant time and dollars on the "problem" and missing the mark at curing the cause.

We're all acquainted with the idea — for there to be an effect there must be a cause. What we typically don't understand is that many of the inherent causes of employee attrition, customer dissatisfaction, and a poor bottom-line, are underground in an organization's culture. It's the "vibe" all the line employees and middle management know, but keep to themselves. At best, owners and upper management know there's "something" not right, but they just can't put their finger on it. Because it's covert, it's dangerous. In fact,

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it's more dangerous than the "known" problems. Much like the spouse who is surprised by a sudden divorce and tells her friends, "We never fought. I never knew anything was wrong." Silence runs deep. In those depths are the pearls of information needed to solve the problem.

Bringing out the hidden agenda is no easy task, but once effectively done, very liberating. There are tools (surveys and mind scans) that can effectively help facilitate getting the truth on the table. Believe it or not, resolution to these covert issues has a direct impact on the bottom-line. The conditions that are responsible for influencing your employee's behavior translate into attitudes easily perceived by the customer. There's gold in the hills of contempt and mining it will reap great rewards.

Part of the fear many have in initiating confrontation or conflict is an escalation that will spin out of control causing more damage than good.

Conflict Has Purpose: About fifty percent of the population would prefer to avoid conflict. Just trust me on that. There are statistics to support it, but let's not head in another direction just now. That being said, it's important to recognize the value of creating an environment that supports exposing conflict. Symptoms made visible thru through conflict are blessings in disguise that point the way to the root of the problem. Like its brother, "Cause and Effect", conflict must be free, though guided, to express itself in order to find its cause.

Key to creating that environment is having a culture that values its employees, makes known there is no fear of unfair reprisal, and knowing that confronting conflict has the goal of finding solutions to the problem. Of

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course, having the skills to manage the conflict resolution process is a real bonus. I was blessed with having the father of “Conflict Resolution”, Dr. Charles Brown, as one of my graduate school professors, who, along with Dr. Bill Buys, Dr. Ernie Stech, and others, contributed significantly to understanding the process.

Some companies suffer from the ivory tower syndrome.

Part of the fear many have in initiating confrontation or conflict is an escalation that will spin out of control causing more damage than good. If that is a concern, I’d strongly recommend hiring a consultant to help avoid that.

“Blessed are the meek for they shall inherit the Kingdom.” (Matthew 5:6 NKJV Bible) Meek doesn’t translate to “let’s avoid conflict”. In the Aramaic language, from which those words were derived, meek means to seek a gentle coherent approach to understanding. Like the word “sin”, its meaning is often confused. The word sin was used by archers on the range. When they missed the target, the score keeper would remark “sin,” meaning, you missed the mark, “try again”. Taking another shot, getting back up on the horse, and trying again, was an acceptable ideology in the culture. To find the courage to get back on that horse takes a supportive environment.

Conflict, if embraced in an encouraging environment, allows us to challenge things from which we differ, don’t understand, or don’t agree with. Conflict can hold great value and potential for change and improvement. Conflict ignored becomes a cancer to the values and philosophy of an organization rendering it immobile or stagnant.

How do we communicate “we encourage exposing conflict

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and disagreement” in our culture? We communicate by example and by establishing equity within the ranks of power. Roles and titles should not interfere with truth, and there should be no fear of unfair reprisal in expression substantiated with logical thinking.

Some companies suffer from the ivory tower syndrome. Upper and middle management is perceived to have all the power and all the right answers. In decentralized cultures the support function of upper and middle management is made very clear. There is no question in the minds of line employees corporate is there to help. The result of that position is that problems are exposed and solved quickly with full commitment and engagement of all concerned.

It wasn't until the 90's that paying attention to "people", (customers included), became popular.

Living In Truth: Concurrent with cause and effect and confronting conflict rests the notion we must be truthful. Deception deepens the consequences of negativity and must be exposed to transform into positive results. We can't fix something based on a lie. Ironically and most unfortunately, lying to ourselves is one thing many of us are good at. If you don't think so, ask yourself "What seems to be reoccurring in my life that is having negative impact and I don't know why?"

Typically, we are unaware we are not being honest with ourselves because we harbor a fear, often unknown to ourselves. I worked with an owner of a hotel company who struggled with getting people in his organization to use common sense. He would complain they were stupid and couldn't think for themselves. Bottom-line was that his employees were frozen in fear because he micro-managed them 24 hours a day, seven days a week. They were afraid to

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risk or execute for fear of being humiliated or fired. But what was his fear? He, like many of the stereotypical dominant personalities, feared loss of control. He had an innate distrust of others. Eventually, he dissolved his own management company and bought one he had confidence could manage his assets. The truth is he despised incompetence and stupidity, had little patience with “effect” (or how anyone felt about anything) and was unaware of the impact it had on performance.

...truths unspoken erode the possibility of reaching the shore of resolution.

Years prior to owning my own consulting business, I worked for companies whose Management by Objectives (MBO's) and Standard Operating Procedures (SOP's) ruled the culture. Somewhere there existed a “disconnect” with people. Those acronyms were supposed to answer the question, — where are you going? What was being ignored was the second half of the question, — who is going to get you there? It wasn't until the 90's that paying attention to “people”, (customers included), became popular.

I can remember my first job out of college. It was with a fortune 500 company who made and distributed food products ranging from coffee creamers to dog food. I was immersed in the culture while attending a regional sales meeting. In all fairness, it was the late 60's and the strategy of the day embraced “knocking out” the competition. (There was actually a mock boxing match set in a boxing ring where one of the executives wore a company shirt and trunks while another adorned in the competition's colors, held a competitive product (box) filled with flour. At the precise moment of the presentation, our company patriot demonstrated “knocking out” the competition by punching through the box. As the box exploded in white dust, covering the designated traitor, the crowd of sales representatives

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delivered a thunderous roar. Point made — take no prisoners!

Less conspicuous was the underlying culture necessary to drive and support the belief that to *win* meant the other guy had to lose. It would be many years before the business arena would understand the value cooperation plays in winning — even when it involves your competition.

Underlying message here is: Organizations must continually be aware of its truths (values). It's easy for us to fool ourselves. We write fabulous mission statements, followed by plans and forecasts that promise platitudes of being number one. We shout hurray for our side, but after the confetti has fallen and the party is over, drones ramble to the solitude of cubicles. The real truth emerges at water coolers and rest rooms.

Nothing energizes an organization more than the creative thrust.

Forgive the bleakness, but I see it all too often. I watch resources and the best of intentions drown in the under current where rip tides take them out to the sea of illusion. Adrift and half-submerged, they linger waiting to die. Like its brother, "Cause and Effect", truths unspoken erode the possibility of reaching the shore of resolution. Time, energy, and resources are directed at what isn't real. T+E= -\$.

It never ceases to amaze me how surprised my clients are when I report back, usually within a day of my property visit, the problems underground. Some they were suspect of, others they were totally taken back. How did I do it?

First, trust has to be earned. There has to be an intrinsic belief by all employees any inquiries are for the benefit of the team. I usually ask the question, — what's working and what isn't? Within a very short time enough information is gathered to reveal core issues that will lead to building viable

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strategies and plans and actions to resolve them. In really devastated cultures there's a reticence (shyness, quietness) to admit fault where the teller is responsible, or accountable. Rather, there is great relief in pointing out someone else's missteps. Some groups freely admit they are unclear, or confused about why the organization is failing. These are the quickest to reconstruct their environment and find creative solutions to problems.

Asking the question, — who is the greatest contributor to the organization's success — brings out the super stars and potential role models who will become the champions of the new cause. Generally, in that group, employees who are problematic will be pointed out by the goal directed champions who want to be on the winning team.

The raw power of a creative environment instills meaning and commitment; stimulates drive, breeds loyalty, and fuels the passion to succeed.

Doing a “mind scan”, using what I affectionately call my “lethal weapon” (a survey that identifies how a person thinks), offers insight to a person's behavior, hidden blind spots, and is a predictor of how he or she will execute in stressful situations. Armed with that information, decisions can be made as to what support is needed for the individual and whether or not the responsibility they hold is a good fit for them and the company.

Metaphorically, we get naked and then get comfortable with it. Collectively, these scans offer a clear vision, and direction for where the organization needs to go.

Creativity: Nothing energizes an organization more than the creative thrust. If you want to see a company come alive, hold

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a meeting inviting your employees to bring creative ideas to solve a problem, or try something new. There is an inherent value and “buy in” that comes from contributing that part of the self that emanates from the creative process — it’s like giving birth. And to that which we give birth we protect, defend, and help grow at all cost. This fact presents a two edged sword. But, when managed properly, fosters a culture promoting the creative process that can be the life and success of an organization.

That truth was never more evident than in the culture of the Residence Inn. They were the first to introduce the free breakfast. They added \$5.00 in value to the guest at a cost of \$2.50 to the company. (The numbers are much different now). They engaged the guest at every opportunity to participate and become part of the “Residence Inn family” and home away from home, with chili cook off’s, suite decorating contests on all the major holidays, free cocktail and barbecue nights, employee – guest basketball challenges on the sports court, and many more, all of which solidified the connection of that guest with the company. Do you think that contributed to the bottom-line of the Residence Inn? It’s a silly question as you look at the 700+ hotels they now have in the system.

Creative energy comes from the life force found in free expression unbridled by criticism or fear of intimidation. The raw power of a creative environment instills meaning and commitment; stimulates drive, breeds loyalty, and fuels the passion to succeed.

It paves smooth the road to risk taking, an essential element to the creative process. Not to beat a dead horse, but ... When Residence Inn created the extended stay niche, it was an unknown and peculiar product to the traveling public. Demand generators, as they are called, were predominantly relocation, training, and project assignment folks historically making do in standard hotel rooms for the duration of their

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stays. RI coined the phrase, “The Residence Inn is as close to home as you can make it.” To create awareness, and drive home the meaning of that statement, sales staff invented the idea that they would call on accounts dressed in Wizard of Oz attire. This got the attention of an otherwise sterile corporate community, and was effective in opening doors to key decision makers. The end result was immediate, and in most cases, permanent penetration and capture of key accounts. The numbers spoke to the success of the company. System wide, the RI ran 10% higher in occupancy and \$10 higher in rate than the more established big hotel chains in the nation.

... the main objective is to begin to lay the foundation that not only allows, but nurtures change.

What gave team members the chutzpa to go out dressed like the tin man, the lion, Dorothy and all the rest? The company culture, the energy, drive, creativity and commitment that evolved out of that culture should be written in history books.

In December, when other hotels were getting SOP’s on what size tree to put in the lobby with what color lights and the exact number of required bulbs, Residence Inns all over the country were having contests for the most creative Christmas and Hanukkah. Most invited their long-term guests to participate in decorating events, holding contests for prizes for the most unique suite or Hearth room.

Try to steal a customer from that culture. It won’t happen, and it didn’t happen. Guests were extensions of the RI family. They would no sooner leave to stay at another hotel than sell their children.

Then came the other holidays. Stories of guest-cooked Thanksgiving dinners, Easter egg hunts for kids, Halloween

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candy from the Orange Doors of guest suites, and on and on. Let your imagination run wild. That's exactly what took place in the world of Residence Inn.

Many organizations fail to recognize the effect change has on the bottom-line, and consequently, are inept at introducing change to their organization.

Change: Change is hard, no doubt. In my training sessions or executive meetings, I talk about why we don't like change and use examples of how even the simplest changes challenge us at some very, intrinsic levels. For example, I'll ask participants to place their folded hands on the table visible to everyone seated around them. I'll then ask them to look around to determine who among them has their hands folded in the same fashion as they do. (Usually, one thumb is placed over the other). From that I'll joke that they might notice the person whose thumb is in the same position as theirs is likely someone they most often agree with or with whom they communicate most easily. (That's not the point of the exercise but does break the ice and opens the door and mind, to move forward in the meeting). Then I get to the point of the exercise. I have them "reverse the fold of their hands". For many this promotes a discomfort and in some cases even resistance. With that experience I explain why the habitual things in our life are difficult to change (neuro-pathway stuff) and how it takes practice and getting used to for the change to take effect.

Depending on the objective of the meeting and the sophistication of the group, I will elaborate or introduce other exercises. But the main objective is to begin to lay the foundation that not only allows, but nurtures change. In the days, weeks, or months ahead, depending on the term of the project, we reinforce the culture for change

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and support its momentum.

Paramount to affecting change, the theory — you cannot change that which you don't love — is made understood. That which we don't love, we resist and is then fueled by the resistance we feed it. To go even deeper, if we add a stronger emotional charge to it, like hate, for example, we become blind to the resistance. Hate often hides an inner thought we harbor reflecting an attitude we likely do not know about ourselves. Have you ever hated somebody in your company? Think about it. Close your eyes and visualize someone you had very strong negative feelings about. There is a likelihood that person reflects some aspect of an unresolved issue within you.

Many organizations fail to recognize the effect change has on the bottom-line. Consequently, many are inept at introducing change into their organization.

The subject of change would take volumes to cover. For the purpose of our discussion, we'll focus on the emotional basis of initiating and sustaining change. Let's face it, significant dollars are invested to change behavior. Companies offer training, perks and benefits all designed to shape behavior or influence change to lead the company in the direction it wants its employees to go. What is overlooked is, again, one very important key element: You can't change that which you don't love. Sounds corny, I know, but it's true. If we can't embrace a fault or misdirection, we can't change it, at least not for long. Why? Because, that which we deny or reject will be unconsciously fueled by denial or rejection. That may sound circular, but think about it for a moment.

Let's say you're overweight — I know you're not, but just for the sake of argument, let's assume it's true. Have you ever tried dieting only to experience the yo-yo effect of taking off the pounds then putting them back on? Then what happens, you hate yourself and after an appropriate amount of self-

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degradation, you convince yourself you're destined to be overweight. The pounds start to mount up, again. Denial that you can conquer this dragon enters your mind, and the cycle starts all over again.

How about this: You're a salesperson and the company just came out with an incentive for cold calling. You hate cold calling, but the team player you are commits to getting in the game. Your first week you hit your goal and you make a few extra bucks. Second week, not so much. By the third week, forget it. You're back in the old groove and a part of you hates that you regressed, and your boss doesn't understand why the incentive isn't keeping you on the right path. After all, everybody loves money, right? Not necessarily! Where it's the common consensus money is way ahead of whatever is in second place, it's not the end all for everyone, and therefore will not sustain change for those of a different motivational persuasion.

Consider the cost of spinning wheels, or employee turnover, and the attention to what might be considered the touchy-feely stuff, starts to show up on the balance sheet.

I remember one awards banquet where the company Executive Vice President (EVP) was recognizing field personnel for outstanding performance. His intent was to acknowledge the employee for his/her contribution to company goals and sustain the behavioral direction of all employees. In his mind this would also serve as a model of what is expected in each of the disciplines being recognized.

About halfway into the awards comes the time to recognize one of the chief engineers. With the resonant voice of a Bob Barker, the EVP calls out, "Come up on stage John Doe." Now keep in mind this is an engineer about to be on stage in front

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of 500 people made up of peers, cohorts, and bosses. The last place this guy wants to be is on stage in front of this crowd. It gets better. The EVP awards the prize of a cruise for two in the Caribbean and asks John to say a few words about his job and a few major accomplishments over the last year. My compassion for this guy was prompting me to accompany him on the stage and tell the EVP, John's greatest accomplishment so far this year is that he hasn't unloaded in his pants yet. I learned a week later John left the company and had given his cruise away to his sister and brother in law.

That story crosses the boundary a bit, nonetheless makes the point that real and long-term change requires sensitivity to what is important to the receiver. Consider the cost of spinning wheels, or employee turnover, and the attention to what might be considered the touchy-feely stuff, starts to show up on the balance sheet.

So does all this mean you have to get your PhD, or put a corporate psychologist on the payroll?

Well no, not necessarily. However, it does bring to light the importance of paying attention to the fertile ground in which you plant your seed. The end result is you reap what you sow, and to deny the impact culture has on the bottom-line is foolish.

The neglect of the human component by some organizations has always amused me. Somewhere in the recesses of the minds of those who hire and manage, people must think they are drawing from the trough of perfect human beings to run their business.

Let's face it, we're hiring people from the same gene pool and they are human. As my grad school mentor professor once remarked, "All of our adulthood is the working out of our childhood." Ever notice the childish behaviors of some of our employees? Or, wonder what caused an employee to make such an obvious mistake? I hear it from

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my clients all the time. They're baffled when they learn of a stupid mistake or misconduct, when the reality is, no organization is immune.

So when I hear the dismay from an owner or manager the first question I ask is, "Who's their coach?" Often they'll report they are. Really, are they trained for that? Who in your organization is coaching your employees ... your managers? How's that working for you?

The initial phase of the assessment requires employees to perceive the consultant is "on their side" ...

Back to the bottom-line: Is the employee worth the investment? Let's see, statistics support that turn over costs anywhere from 2.5 to 8 times the salary of an employee. What if you could improve (or even save) an employee for \$2,500? Would that be worth it? There are coaches out there who can deliver on that return on investment.

How do we get the Culture That Will Drive Profit and Productivity?

As we examine those principles more closely, we make the case that paying attention to them and implementing them are worthwhile. Bottom-line — all speak directly to creating an environment designed to achieve customer satisfaction, employee loyalty, creativity in solving problems, and inspiring employee full engagement. In short, it's about the people. Inspire, lead, and nurture your people and the money will follow.

What's More Difficult: Building a New Culture or Changing an old one?

Without a doubt, changing an old culture is much more

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difficult. Why? Because change is hard, number one, and two, that which we have already invested in (even the beliefs and ideas that are hurting us) we are reluctant to let go of.

Additionally, if trust isn't operating in the existing culture, it's much more difficult to get to the truth. This is "thin ice" and one of the most challenging aspects of re-organizing a team or company culture. Many times, it invariably requires an "outsider" who can earn the trust and confidence of the team to flush out the key issues driving the negative impact the current culture is experiencing.

Before disclosure of what's working and what isn't can take the form of real value, there must be an understanding of where responsibilities lie.

For owners and management companies sensitive to letting an outsider take control of the team it is very threatening. The initial phase of the assessment requires employees to perceive the consultant is "on their side" or at least, open to hearing them without fear of reprisal from owners or management. This is a tight wire for the consultant to walk and requires strategic communications to both the employee and management until the perception is "we're one team".

Until there is a unified perception, uneasiness (often by both sides) hangs in the balance. My experience has taught me over the years, that the more difficult bridge to cross is infiltrating the ownership or management structure that often is the cause for cultural inefficiency in the first place.

To help with that effort, I've had to glean some clever yet over simplified phrases to ease the fears of some of my clients, particularly when they're new to me. One of my favorite lines

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comes from (the guy who runs the gladiator training camp) in the movie *Gladiator*, where he tells Russell Crow to, “Win the crowd.” There’s real value in that message to owners and upper management, as well.

The first step to initiate winning the crowd when there is significant cultural damage, is for owners or management to surrender and confess their failure or confusion about how the organization got to where it is now. Secondly, they have to assign power to the consultant in the eyes of the organization. This opens the door to reducing the fear of contributing honestly to the problem. Once that phase is “believable”, the process can begin to find out what’s working and what isn’t.

Sorting out Responsibilities

Before disclosure of what’s working and what isn’t can take the form of real value, there must be an understanding of where responsibilities lie. Very early in the assessment phase, the consultant will learn who is willing to take ownership of his or her responsibilities and who is not. It will become very clear if there is a congruency of responsibility and accountability, as well as freedom to execute and control.

Always amazes me to see owners who set high expectations and assign large responsibilities, yet encumber execution. Case in point: Years ago I had a client who was a physician committed to building a hotel company. He had the financial wherewithal to fund and finance the hotels he managed and was very “hands on” after managing a very successful medical practice at day’s end. In short, my client was brilliant, had boundless energy, and had little patience for incompetence. His personality revealed he held little value for people who couldn’t deliver to his level of expectation. The entire organization often felt diminished and micro managed.

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One of the first complaints I heard when he hired me to come into the organization and help build the company was from the Director of Sales (DOS) from one of his hotels. The DOS in a hotel is responsible for driving the top line – generating revenue. In financial terms, they bring millions of dollars to the operating account.

This particular DOS was a new hire. The hotel was a franchise property where marketing support was readily available. She had submitted a purchase request to the doctor's accounting department for business cards. The franchise companies supplied the stock and the appropriate logo. The Purchase Order (PO) was being held up by the doctor for several weeks prior to my arrival. When I interfaced with the issue I was told he wanted her to go to Jiffy Print and have cheaper cards printed. Granted, Jiffy Print could print up a lower quality card for about half the price of what the Franchisor was asking, but the fact remains there are certain standards that are required compliance to maintain the franchise agreement. There is a certain message the hotel wants to send its external public about the quality of the hotel and the operation.

Something interesting begins to happen as the culture takes on new form. Employees are more engaged in their work.

This was an example, of many, where minutia cost not only the delay in getting revenue into the hotel by providing the DOS a calling card, but crippled the drive of employees. Who is likely to stay in an environment like that? I'll tell you who – those who can't think for themselves and those who are complacent. What is the impact on the bottom-line of a team made up of that mentality ... severe. The business is doomed to fail.

The Blame Game

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Once the foundation has been laid instilling trust in the team, the problematic task issues surface quickly. One of the values in soliciting the “what’s working, what isn’t” strategy, is that even when those who may displace responsibility will put the spotlight on someone else. It doesn’t take long to validate whether the person with a problem is responsible or if there is another element that needs to be exposed to find who, or what, is accountable.

When accountability and responsibility are congruent, the work can begin to correct operational deficiencies.

The process, briefly, goes something like this:

- Problem is identified.
- Find out the impact the problem is having on the overall success of the operation and prioritized.
- Creative brain storming to solve the problem is explored.
- Strategies are created to meet specific and measurable objectives.
- Action plans with specific tasks and time frames are developed.
- Follow up to action plans are held weekly (or daily with individuals if necessary).

Blame is converted to action and accountability. The seeds of growth and improvement are planted. The culture begins to heal and the bottom-line improves. With sustained momentum, other benefits of a now vibrant culture emerge.

What Organizations “get” as a Result of Developing a Vibrant Culture

Something interesting begins to happen as the culture takes on new form. Employees are more engaged in their work. The

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commitment required to succeed comes not from fear, but from their creative expression. Demand for competency stems from within. Either the team flushes out the poor performers, or they become eager to learn and ask for tools and resources to make them better at what they do. Some, who now live in an honest culture, will even admit they are in the wrong job. Bottom-line is there will be fewer turnovers, ultimately, in the organization.

There becomes evident a “new spark” in the joy an energized team brings to tasks. Creative problem solving takes the place of complaining. Energy appears where there was once complacency. The competition starts to wonder what is going on as they begin to lose market share to your company. Through word of mouth you have become the preferred employer. New and better talent begins to join your work force. You grow when others are slowing down or closing shop.

Culture and Return on Investment

All this translates into higher customer satisfaction as the “internal culture” begins to permeate the “external environment” (market, community, and vendor partnerships). Cash flow improves and the balance sheet turns positive. So, when we ask ourselves, is culture measurable, we have to answer yes. It shows up in employee performance and satisfaction, guest satisfaction, value perception and ultimately in the bank.

3 Take-Aways:

1. *You Don't Need* to be able to define culture. You have a culture; it already exists. Naming it isn't going to change anything. All you need to know is whether your culture is helping or hindering your ability to make money.
2. *You Don't Need* to be a corporate psychologist. What makes your people tick and how their thinking affects

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their ability to achieve your financial objectives is what you want to know. You can contract that work out and go about doing what you do best.

3. *You Don't Need To Memorize The Principles Of A Healthy Culture. You Do Need To Find Out What Your Employees Believe Is The* truth about where they work, and be able to determine if you have the right people on the bus. Rather, you need to know if the job responsibilities are in line with where they are accountable and empowered.

If you can apply these principles and do what is necessary to make changes in your organization without Organizational Development (OD) skills or outside help — God bless you. If you can't, there are consultants out there to help.

It doesn't take much insight to connect the dots: Culture has a direct impact on the bottom-line. Inspire, lead, and nurture your people and the money will follow.



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What Your Company/Institution Does for Your Clients:

Improve revenue stream, customer satisfaction, employee engagement and gross operating profit through coaching, training, and organizational development.

What Makes You Unique: Co-developed an exclusive axiological profile tool for utilization in the hotel industry instrumental in achieving employee development, retention, and succession.

Individual and Company Achievements/Awards: Reduce employee turnover by 50% for most clients; improve customer satisfaction scores to comply with franchise standards and improve GOP to meet client objectives in once failing properties.

Background

Professional: Vice President, Operations for Residence Inn by Marriott; Organizational Development, Marketing, and Operational consultant in the hotel industry since January of 1990.

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